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FIRST COUNTRY COOPERATION FRAMEWORK FOR YEMEN (1997-2001)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Yemen outlines the focus of UNDP technical cooperation for the period 1997-2001. It reflects the outcome of a two-year dialogue with the Government on the priority areas for UNDP support, and describes the approach to be followed in order to support national efforts to foster sustainable human development (SHD). The process drew on the technical cooperation experience of UNDP in Yemen and benefited from a number of recent events including: (a) the preparation and approval of the first National Five-Year Development Plan (1996-2000); (b) the approval of the National Environment Action Plan; (c) the recommendations of the mid-term review of the first country programme (1992-1996); and (d) the UNDP advisory note and the draft country strategy note. In addition, the findings of a World Bank study on poverty in Yemen, a UNDP national seminar on SHD, and a white paper on the June 1996 flood damages and proposed rehabilitation strategies contributed to the preparation process, which was carried out in close consultation with the donor community in Yemen, the United Nations system, Bretton Woods institutions and emerging civil society organizations in the country.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. After unification in 1990, Yemen was confronted with the task of nation-building, while at the same time coping with a series of shocks, including the Gulf War in 1990, which led to the repatriation of 1 million expatriate Yemenis (10 per cent of the population) and the loss of their remittances, as well as the interruption of external financial assistance. In response to these difficulties, the Government formulated a national strategy to move beyond the economic impasse and in 1995 embarked on a comprehensive Economic Reform Programme. The programme consists of macroeconomic stabilization, structural reform and social protection measures.

3. According to the most recent national indicators available, as a result of the economic measures adopted, the budget deficit was reduced from 16.7 per cent in 1994 to 2.5 per cent in 1996; the gross domestic product (GDP) growth rate increased from 0 in 1994 to 9.3 per cent in 1995; inflation was reduced from 100 per cent in 1994 to 20 per cent in 1996, and the exchange rate has since stabilized. However, the relative improvement in the macroeconomic situation over the last two years has not yet translated into a tangible improvement in living standards, as reflected in the social indicators noted below.

4. Forty-two per cent of men and 69 per cent of women are illiterate. The gross enrolment rate in basic education is 76 per cent for boys, but only 37 per cent for girls. The infant mortality rate is 83 per 1,000 live births, and 58 per cent of the population have access to health services. The average annual population growth rate is 3.7 per cent, and the unemployment rate is estimated to be between 25 and 30 per cent.

5. Poverty in Yemen is primarily a rural phenomenon; 81 per cent of the poor live in rural areas. Sixty-six per cent of the total labour force is engaged in

agriculture, but agriculture accounts for only 18 per cent of GDP and less than 2 per cent of exports. The sector's contribution to GDP grows at an average rate of 2.2 per cent. In this context, the issue of food security has become a matter of concern, since the country's dependency on imported food, continues to increase. In 1995, Yemen imported 80 per cent of its food requirements compared to 57 per cent in 1970. This is in sharp contrast with the increasing production of qat, a mildly narcotic crop consumed by many in Yemen. Qat production accounts for 22 per cent of arable land and, in some areas, consumes up to 70 per cent of available irrigation water. The adverse impact on household budgets and environmental resources is only now being measured, but is presumed to be significant.

6. Regarding Yemen's natural resource base, of the country's 55 million hectares of land, a mere 1.6 million hectares are arable, 1 million of which are cultivated. Approximately 60 per cent of the land in the country is desert. The potential for greater desertification is high, since 70 per cent of household energy consumption needs are being met by the use of fuelwood. In the absence of integrated sustainable management, groundwater levels are declining, and if current trends in water use continue, the availability of fresh water per capita per year may average only 150 cubic metres (2 per cent of the world average) within 30 years.

7. Yemeni women represent nearly one half of the population yet comprise only 22 per cent of the labour force, and in political life, less than 1 per cent of parliamentarians. Their access to education and health services is far below average in comparison to other countries in the Arab States region. Furthermore, despite the large number of women working in the agricultural sector, very few have access to credit or the information necessary to make optimal decisions on crop selection, soil and water management. However, the percentage of women registered to vote has increased from 19 per cent in 1993 to 30 per cent in 1997.

8. The Government recognizes the importance of the participation of civil society in finding solutions to the above problems. The National Five-Year Development Plan has identified measures to enhance governance at the regional and local levels, including empowering local councils and building regional capacities for the formulation and implementation of regional development plans.

II. RESULTS AND LESSONS OF PAST COOPERATION

9. The mid-term review of the first country programme (1992-1996), which was held in June 1995, highlighted the achievements, shortcomings and lessons learned. Moreover, the concept of SHD was introduced as a comprehensive approach to development and the programme approach was adopted as the UNDP modality for cooperation. In the area of strategic planning, UNDP supported the preparation of the first National Five-Year Development Plan, which constitutes the frame of reference for national policy formulation and provides the foundation for the use of the programme approach. UNDP and the International Monetary Fund supported a financial and economic management programme to help key national institutions to develop their capacities for macroeconomic

management. Achievements in this programme will be consolidated further under the first CCF.

10. In the area of natural resource management, UNDP has assumed a substantive role in donor coordination. In the management of water resources, continued UNDP support led to a major shift in institutional arrangements, with the creation of the National Water Resource Authority (NWRA), which ensures that water is managed on a sustainable basis. UNDP has assisted the Government in the formulation of a Sustainable Water Resources Management Programme to consolidate UNDP support in the area with that of the World Bank and the Government of the Netherlands.

11. In the area of emergency assistance/disaster management, crucial to Yemen, as a disaster-prone country, the catalytic role of UNDP in coordinating assistance during emergency situations (e.g., the floods in 1996) has been widely acknowledged. Its advocacy for the adoption of a preventive approach to disaster management has generated a commitment on the part of the Government and its international partners to institutionalize the management of the response to and prevention of disasters.

12. A number of lessons were learned during the period covered by the first country programme. For example, the absence of a coherent medium- to long-term national development vision made the implementation of the programme approach difficult. However, the recent approval of the National Five-Year Development Plan has created a more conducive environment for the approach. The difficulty in recruiting bilingual (Arabic and English) international consultants who are also familiar with the region and Yemen's specific circumstances led to delays in getting activities started and to inadequate project design. More extensive involvement of national professionals will be pursued as a partial remedy. Spreading resources too thinly among many projects resulted in marginal impact. The adoption of the programme approach and the consolidation of UNDP interventions in a limited number of programmes is expected to produce a more pronounced impact. The experience gained through pilot endeavours in project management under the national execution modality have pinpointed where and what type of remedial actions need to be taken, such as the preparation, simplification and Arabic translation of national execution guidelines, and the creation of a national execution backstopping unit. Finally, in some cases, less than adequate backstopping by the United Nations specialized agencies negatively affected the quality of delivery.

III. PROPOSED STRATEGY AND THEMATIC AREAS

13. During the period covered by the first CCF, using the programme approach, UNDP will respond to four critical national SHD challenges in Yemen. The UNDP areas of focus, which were included in the UNDP advisory note and have been identified in the draft country strategy note, are: (a) management of natural resources; (b) poverty eradication and employment generation; (c) governance and institutional reform; and (d) reconstruction and rehabilitation. These interlinked areas of focus were selected taking into account the UNDP mission statement, the recommendations of the recent international conferences and the national priorities outlined in the National Five-Year Development Plan.

Poverty reduction and gender sensitivity will be the common denominator of all programmes.

A. Management of natural resources

14. The multidimensional nature of the problems related to the environment in Yemen constitutes a threat to the environmental security of the country. The unsustainable use of natural resources exacerbates the process of desertification and land degradation, which, in turn, has an adverse impact on natural habitats and biodiversity. Through its contribution to the Government's Sustainable Water Resources Management and Sustainable Environment Management Programmes, UNDP will help the Government to implement policies, reinforce institutional capacities, raise awareness and fund community-based initiatives, aiming at reversing the trend towards the unsustainable use of natural resources and mitigating the threat to the environment.

15. In view of the country's serious water crisis, planning for efficient water resources management was considered to be one of the top priorities in the National Five-Year Development Plan. The national water programme objectives set forth in the Plan include: (a) protecting water resources from overuse, quality degradation and irreversible depletion; (b) regulating the allocation of water resources among different users to sustain economic growth while ensuring sustainability of the resource and equitable access to all; and (c) ensuring the satisfaction of society's needs for water, food and ecological stability.

16. The recently established NWRA will ensure an integrated and coordinated approach to water management. NWRA has been provided with an adequate budget; enabling legislation has been approved to establish its authority in water resource management; and the necessary staff have been assigned to make it administratively functional.

17. With the assistance of UNDP, other organizations of the United Nations system and the water sector multi-donor group, the Government will further strengthen national capacities and create an enabling environment for sustainable water management. Specifically, the Sustainable Water Resources Management Programme will aim at: (a) building national capacities in the formulation and implementation of water management policies through an extensive human resources development programme; (b) analysing alternative water management options through the continuous assessment of supply and demand; (c) raising public awareness about water quality and scarcity issues through community organization and management; (d) strengthening capabilities to enforce and monitor the implementation of water management strategies; (e) improving the efficient use of irrigation water to decrease agricultural water demands; and (f) providing safe drinking water through efficient management of urban and rural water supply systems.

18. Programme implementation should eventually lead to: (a) fully functional departments in NWRA; (b) an effective monitoring and evaluation system; (c) adequate human resources capabilities to analyse water resources planning and management issues; (d) four fully operational field branches of NWRA for

decentralized management of water resources; and (e) the formulation of a national water strategy.

19. The ecosystems of Yemen are deteriorating rapidly due to overgrazing, deforestation, land degradation and declining biodiversity. If continued unchecked, this trend will have a serious negative impact on the entire population, especially the rural poor. In 1990, the Government established the Environment Protection Council, with a clear and broad mandate, including: (a) the development of policies, legislation, action plans and standards to protect the environment; (b) the coordination and monitoring of efforts aimed at environmental protection; and (c) the promotion of public awareness of environmental issues. In addition, an Environment Protection Law was enacted in 1995. NEAP, which was developed with the support of UNDP and the World Bank, was approved in 1996.

20. As stipulated in the National Five-Year Development Plan and the National Environmental Action Plan (NEAP), the objective of the national programme are to build the capacities of national institutions, NGOs and local communities to sustain and manage their environment and to support the implementation of NEAP. UNDP, other United Nations organizations, NGOs and the International Centre for Agricultural Research in the Dry Areas will cooperate with the Government in its efforts to build the capacities of relevant government and civil society institutions to achieve the sustainable use of land and the preservation of natural habitats and biodiversity. The Sustainable Environment Management Programme will aim at: (a) strengthening the capacity of national authorities, including civil society organizations, to implement NEAP recommendations and the national action plan to combat desertification; (b) supporting local governments and communities to implement activities for the sustainable use and management of land; and (c) formulating and implementing a national biodiversity strategy and an action plan.

21. The programme will be supported by UNDP, the Global Environment Facility and Capacity 21, with a cost-sharing from the Governments of Yemen and the United Kingdom. Parallel financing will be provided by the World Bank and the Government of the Netherlands. Other donors are expected to join the programme at a later stage. Programme implementation should eventually lead to:
(a) improved environmental management at the national and local levels;
(b) widespread adoption of sustainable land resource management; and
(c) conservation of the country's biodiversity and natural habitats.

B. Poverty eradication and employment generation

22. The National Five-Year Development Plan clearly outlines national social development priorities. Of the 12 major development objectives, 5 are related to poverty eradication.

23. The Government is in the process of establishing a National Council for Social Protection (NCSP), which will assume responsibility for the overall coordination of interventions related to poverty and social development and act as the implementing entity for the National Action Plan for Poverty Eradication. The NCSP will reflect the highest level of political will and decision-making.

24. UNDP will support national poverty eradication efforts in the following areas:

(a) The formulation and implementation of a National Action Plan for Poverty Eradication, the establishment of a poverty information and monitoring system, and the consolidation and expansion of capacities of selected relevant ministries for statistical analysis of SHD indicators;

(b) The establishment of labour policies and systems through the establishment of a mechanism for labour and employment policy formulation and implementation and a labour-market information system;

(c) The development of policies to create an enabling environment for the expansion of small-scale and micro-enterprises, including the provision of technical advisory services and training as well as a micro-credit scheme that will target the poor, particularly women, in rural and urban areas, through the MicroStart programme;

(d) The introduction of the area development scheme modality, which has proven successful in other countries in the Arab region. In rural areas, the emphasis will be on agricultural interventions aimed at establishing food security through increased productivity, while in urban areas the focus will be on assistance to selected groups (female-headed households, unemployed youth).

25. Cooperation agreements with the World Food Programme, the United Nations Population Fund and the United Nations Children's Fund will be initiated. Some United Nations Capital Development Fund activities will be fully integrated into the programme. Parallel funding and potential cost-sharing may be provided by the World Bank, the European Union and the Arab Fund for Economic and Social Development. Counterpart funds may also be available from the Governments of France, Italy, the Netherlands and the United States. In addition, sizeable local resources will be invested in the programme.

26. The programme is expected to have the following results: (a) the formulation of a national policy framework for poverty eradication; (b) the establishment of a national commission on social protection; (c) the establishment and operationalization of an effective system for monitoring poverty; (d) the formulation of a labour and employment policy framework and the establishment of adequate employment monitoring systems; (e) pilot testing of projects to provide the poor with access to micro-credit; (f) the introduction of balanced development among regions as well as in rural and urban areas, through participatory regional development planning exercises; and (g) greater access to basic social services and sustainable livelihoods, especially for rural women.

C. Governance capacity and institutional reform

27. The ongoing Economic Reform Programme has focused on economic stabilization. As a result, many development constraints remain to be addressed. The National Programme for Governance Capacity and Institutional Reform aims at enabling governing institutions to carry out their

responsibilities in an effective, responsive and transparent manner. UNDP will assist the Government in managing the change process at the national level. The scope of the programme encompasses the Parliament, the judiciary, the Prime Minister's Office, the ministries, the local administration and civil society organizations.

28. National programmes and events that are of relevance to the UNDP-supported programme include: (a) the introduction in 1991 of a Programme of National Construction and a Programme of Political, Economic and Administrative Reforms; (b) the introduction in 1995 of the Economic Reform Programme; (c) the multi-party national election that took place in 1993 and in 1997; and (d) the Law on Local Administration which lays out a framework for local council elections at the governorate and district levels, which is expected to be approved this year.

29. UNDP will focus on: (a) improving the operations of the Prime Minister's Office; (b) administrative and civil service reform; (c) decentralization; (d) strategic and regional planning; (e) improving the Parliamentary processes; and (f) supporting the electoral process.

30. The programme will be supported by the World Bank, the European Union and the Governments of Germany, the Netherlands and the United Kingdom. UNDP will coordinate the proposed interventions.

31. It is expected that the implementation of the programme will result in: (a) expeditious decision-making by the Parliament, the Prime Minister and Cabinet, Local Councils and Governors; (b) effective and sustainable management of the social and economic development of the country by central and local authorities, including meeting global commitments towards the eradication of poverty, gender equity and sustaining natural resources; and (c) decentralization of the implementation of services from central government institutions, which would allow them to be more active in planning, policy-setting and monitoring.

D. Disaster management

32. The frequency with which both natural and human-made disasters occur in Yemen places it in the category of disaster-prone countries. Accordingly, Yemen faces the challenge of integrating disaster management and sustainable development. Through the Disaster Prevention, Management and Mitigation Programme, UNDP will assist the Government in developing national capacities to prevent as well as respond to and effectively manage disasters.

33. UNDP will support: (a) follow-up on the White Paper that provided an overview of the damage caused by the 1996 floods (see para. 1) which made clear the need to establish the requirements for rehabilitation and a framework for a mitigation strategy; (b) the establishment of a National Authority for Disaster Preparedness and Management; (c) the implementation of a National Disaster Relief and Mitigation Plan; and (d) governmental and non-governmental human resources development efforts in disaster prevention, management and mitigation.

34. Programme implementation is expected to lead to the establishment of a fully functional National Authority for Disaster Prevention and Management and to the formulation and implementation of a national disaster relief and mitigation plan.

IV. MANAGEMENT ARRANGEMENTS

35. Although Yemen does not yet have the capacity for full-scale national execution, UNDP and the Government have been investing in key national institutions by developing capacities through the provision of training and technical tools. An Operations Support Unit has been established within the UNDP country office to assist the concerned national executing agents in the application of the modality and in the operational tasks of procurement and recruitment of goods and services. United Nations specialized agencies, the United Nations Office for Project Services, NGOs, the private sector and the Economic and Social Commission for Western Asia will be requested to support national institutions in the implementation of the programme. Adoption of the national execution modality and the programme approach will enhance national ownership of interventions under the first CCF and build national capacities.

36. The United Nations Volunteer programme (UNV) continues to contribute to various initiatives in Yemen. Currently there are 25 UNVs serving in Yemen, with posts established for another 18 UNVs. The use of UNVs has proven to be a cost-effective and efficient way of transferring valuable experience. In addition, a programme of nationally recruited UNVs is envisaged. It is the intention of the Government and UNDP to continue to use UNVs to enhance flexibility and innovation in efforts to achieve SHD goals.

37. Standard UNDP monitoring and evaluation procedures will be applied in all projects and thematic programmes. All ongoing projects will continue to be subjected to tripartite reviews, monitoring visits and in-depth evaluations, as appropriate, jointly with donors, the Government and implementing agents. Thematic programmes will be designed with specific targets, success indicators and benchmarks for the assessment of progress and measurement of impact. These indicators will be used to monitor programme implementation on an annual basis. Inter-agency and multi-donor teams and national representatives will participate in the monitoring and review of programmes. The CCF as a whole will be reviewed annually to assess implementation and progress made and to evaluate the need to adjust activities. The Government, UNDP, other United Nations agencies, donors and civil society organizations will conduct a formal review of the CCF in the second half of 1999.

38. The Government of Yemen, supported by UNDP, will continue to use programme support documents to mobilize additional resources. Over $9 million have been secured as third-party cost-sharing for two programmes. Government cost-sharing has sent a positive signal to the donor community on its commitment to manage external resources effectively under the programme approach modality. It is expected that non-core resources, cost-sharing and trust funds will match the core resources targeted for the period covered by the first CCF.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR YEMEN (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	10 347	
TRAC 1.1.1	24 750	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	2 105	Request is for three-year period, 1997-1999.
Other resources	250	Special Programme Resources
SPPD/STS	890	
Subtotal	38 342[a]	
NON-CORE FUNDS		
Government cost-sharing	3 570	
Sustainable development funds	5 234	Global Environment Facility
Third-party cost-sharing	9 158	
Funds, trust funds and other	9 000	UNCDF: $4 million carry-over and $5 million new programme funds
Subtotal	26 962	
GRAND TOTAL	65 304[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNCDF = United Nations Capital Development Fund.